



Cost Share Policy Memorandum

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Background

The Denali Commission Act of 1998, as amended, (The Act) creates a non-federal cost share requirement for Demonstration Health Projects (Section 307(c)) and the Denali Access System Program (Section 309). The Act does not otherwise contain a general cost share requirement for any project funded by the Denali Commission (Commission). The Commission's annual appropriations, however, does contain a cost share requirement for "construction projects." The pertinent language from the FY 2016 Appropriations is highlighted below:

For expenses necessary for the Denali Commission including the purchase, construction, and acquisition of plant and capital equipment as necessary and other expenses, \$11,000,000, to remain available until expended, notwithstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998: Provided, That funds shall be available for construction projects in an amount not to exceed 80 percent of total project cost for distressed communities, as defined by section 307 of the Denali Commission Act of 1998 (division C, title III, Public Law 105-277), as amended by section 701 of appendix D, title VII, Public Law 106-113 (113 Stat. 1501A-280), and an amount not to exceed 50 percent for non-distressed communities.

Definitions

The term "construction projects" is undefined in the appropriations and it is therefore left to the discretion of the Agency to determine the application of this term. For the purpose of projects supported with Denali Commission funds, the following definitions shall apply:

Non-Construction Projects: Those projects which do not involve the construction of infrastructure or facilities such as but not limited to:

- 1) Job-training, community planning, research;
- 2) The planning, design, permitting of construction projects;
- 3) The purchase and installation of owner provided furniture, fixtures and equipment (FF&E);
- 4) Minor maintenance and improvement projects; and
- 5) All project indirect costs.

Minor Maintenance and Improvement (M&I) Projects: Those projects which meet all of the following criteria.

- 1) The total value of all active on-site projects per community is \$100,000 or less;
- 2) The proposed project will not expand infrastructure or a facility; and
- 3) The proposed project will not change the use of the infrastructure or facility.

Construction Projects: Those projects which are not Non-Construction. This typically includes those projects, or portions of projects, which involve labor, materials, construction equipment, building systems equipment, transportation, project management, testing, inspection, and construction administration directly related to the construction of infrastructure or facilities.

Distressed and Non-Distressed Communities: The status of all communities in the state is established on an annual basis for the Commission by the Alaska Department of Labor and Workforce Development (DOL&WD), based on criteria set by the Commission and DOL&WD. For the purposes of determining non-federal cost share requirements, a community's status is established at the time the Commission makes its first construction phase contribution. The Community retains its initial status for the duration of the construction phase, regardless of subsequent determinations by DOL&WD that may occur during the construction phase.

Applicability

The cost share requirement outlined in this policy memorandum applies to appropriated Denali Commission "Energy and Water" (Base) funds, allocations from the Trans-Alaska Pipeline Liability Fund, and any funds the Commission receives via Section 311 of the Denali Commission Act, as amended, used to fund construction projects.

Methodology

Determining the appropriate cost share can vary depending on the number of Federal Agencies involved in the project.

1. For those projects where the Commission is the only Federal Agency providing funding the following criteria will apply:
 - a) The Commission will provide no more than 80% (distressed community) or 50% (non-distressed community) of the total construction project cost as defined in the project budget; and
 - b) The recipient will identify the remaining funds needed to complete the project and certify that these funds are non-federal funds.
2. For those projects where there are multiple federal agencies funding the project the following criteria will apply:
 - a) The Commission will provide no more than 80% (distressed community) or 50% (non-distressed community) of the total construction project cost as defined in the project budget;

- b) The recipient will identify non-federal funds as a match to the Commission's funding for the project equal to either 20% of the Commission's contribution (for projects in distressed communities), or 50% of the Commission's contribution (for projects in non-distressed communities); and
- c) The recipient will certify that the non-federal funds identified as a match to the Commission's contribution are not being used as match for any other federal agency.

Examples of these two scenarios are shown below. The examples assume a project in a distressed community.

EXAMPLE PROJECT BUDGET			
Line	Item	Amount	Basis/Notes
1	Planning and Design Phase		
2	Planning	\$40,000	
3	Design	\$200,000	
4	Design Phase Project Management	\$12,000	
5	Subtotal	\$252,000	
6	Construction Phase		
7	Construction - Force Account	\$300,000	
8	Construction - Subcontract	\$2,000,000	
9	Construction Phase Project Management	\$75,000	
10	Construction Administration	\$125,000	
11	Subtotal	\$2,500,000	
12	Indirect Costs	\$40,000	
13	Total	\$2,792,000	

FUNDING EXAMPLE #1 <i>Federal Funds From The Denali Commission Only</i>			
<i>Line</i>	<i>Source</i>	<i>Amount</i>	<i>Notes</i>
14	Denali Commission - Planning & Design	\$252,000	
15	Denali Commission - Indirect Costs	\$40,000	
16	Construction		
17	Denali Commission	\$2,000,000	80% of line 11
18	Recipient and/or Other Non-federal Match	\$500,000	20% of line 11; 25% of line 17
19	Subtotal	\$2,500,000	
20	Total	\$2,792,000	
21	Total Denali Commission Funding	\$2,292,000	
22	Total Recipient Funding	\$500,000	
FUNDING EXAMPLE #2 <i>Federal Funds From The Denali Commission and Other Federal Agencies</i>			
<i>Line</i>	<i>Source</i>	<i>Amount</i>	<i>Notes</i>
23	Denali Commission - Planning & Design	\$252,000	
24	Denali Commission - Indirect Costs	\$40,000	
25	Construction		
26	Other Federal Agencies	\$1,500,000	
27	Denali Commission	\$833,333	33% of line 11
28	Recipient and/or Other Non-federal Match	\$166,667	20% of line 27; 7% of line 11
29	Subtotal	\$2,500,000	
30	Total	\$2,792,000	
31	Total Other Federal Funding	\$1,500,000	
32	Total Denali Commission Funding	\$1,125,333	
33	Total Non-federal Match Funding	\$166,667	